

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 220 – HB 177

February 22, 2019

SUMMARY OF BILL: Expands the definition of “independent student” under the Tennessee Reconnect Grant (TRG) eligibility requirements to include students who are not eligible to be claimed as a dependent for federal tax purposes.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$4,540,700/Lottery for Education Account

Other Fiscal Impact – Recurring funding of \$4,540,700 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Special Reserve Account.

Assumptions:

- The current definition of an independent student determined by the Free Application for Federal Student Aid (FAFSA) is one of the following: at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, or someone with legal dependents other than a spouse, an emancipated minor or someone who is homeless or at risk of becoming homeless.
- Expanding the definition to include students who are not eligible to be claimed as a dependent will increase the number of students that would be eligible to receive the grant.
- According to the Tennessee Student Assistance Corporation (TSAC) the income data referenced from the FAFSA found 13,921 additional students from FY18-19 that would be eligible for the TRG with the expansion of the definition.
- Based on information provided by TSAC, approximately 35 percent of newly eligible students under this legislation will take advantage of the opportunity based on the current take-up rate of the TRG.
- Approximately 4,872 (13,921 x 35%) additional students each year will be awarded the TRG. This number is expected to remain constant into perpetuity.
- The current average award for the TRG is \$932
- The recurring increase in state expenditures from the Lottery for Education Account is estimated to be \$4,540,704 (4,872 students x \$932).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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